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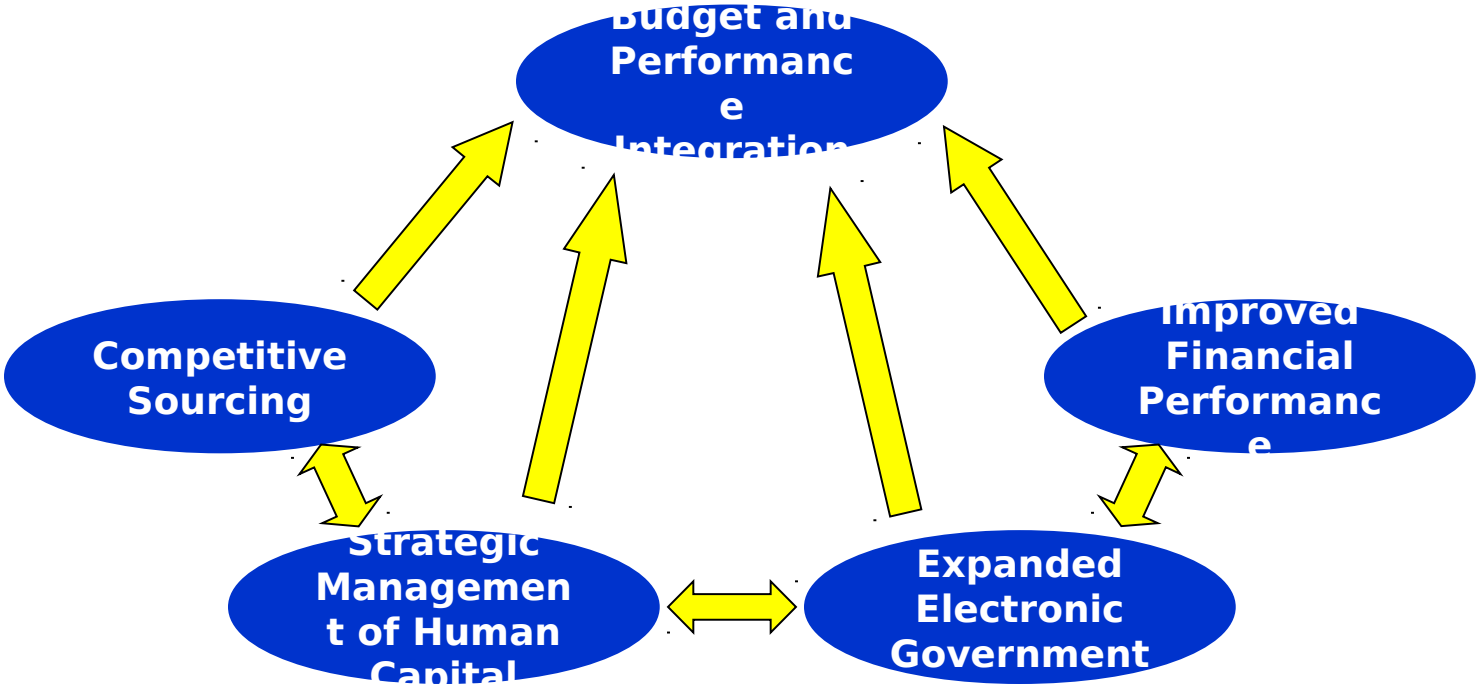
Overview of Competitive Sourcing … **OMB Circular A-76**

AMSC Workshop

Springfield VA, Hilton Hotel

April 11, 2005

President's Management Agenda


Budget and Performanc e Integration
Competitive Sourcing
Improved Financial Performanc e
Strategic Managemen t of Human Capital
Expanded Electronic Government

"Improvements in the management of human capital, competitive sourcing, improved financial performance, and expanding electronic government will matter little if they are not linked to better results."

– President's Management Agenda

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What is A-76?

Methodology for Comparing Cost of Government vs. Contractor Performance of Commercial Activities

May 29, 2003 Circular Significant Changes:

- **12-18 month timeline**
- **MEO "thrown into the mix"**
- **Agency can be eliminated from competition**
- **Best value permitted**

1955

Evaluation of Commercial Activities and Cost Comparison

1966

Formalization of OMB Circular A-76

1979

Issuance of Supplemental Handbook of OMB Circular A-76

1998

Introduction of Federal Activities Inventory Reform (FAIR) Act

2003

Release of OMB's Revised Circular A-76

Evolution of Competitive Sourcing A-76

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Content of OMB Circular A-76

- **Policy not statute** – does not alter any:
  - Law
  - Executive Order
  - Rule or Regulation
  - Treaty
  - International Agreement
- **Provides guidance**
  - Policy letter
  - FAIR Act Inventory - Identify and report all activities performed by government personnel
  - Public-Private Competition process – Streamlined or Standard Competitions
  - Calculating Public-Private Competition costs
  - Acronyms and Definitions

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Commercial Activities vs. Inherently Governmental

Commercial Activity – an activity which is operated by a Federal executive agency and which provides a product or service that could be obtained from a commercial source.

Inherently Governmental – an activity that is so intimately related to the public interest as to mandate performance by Government employees. Governmental functions normally fall into two categories: (1) the act of governing, i.e., the discretionary exercise of Government authority, and (2) monetary transactions and entitlements.

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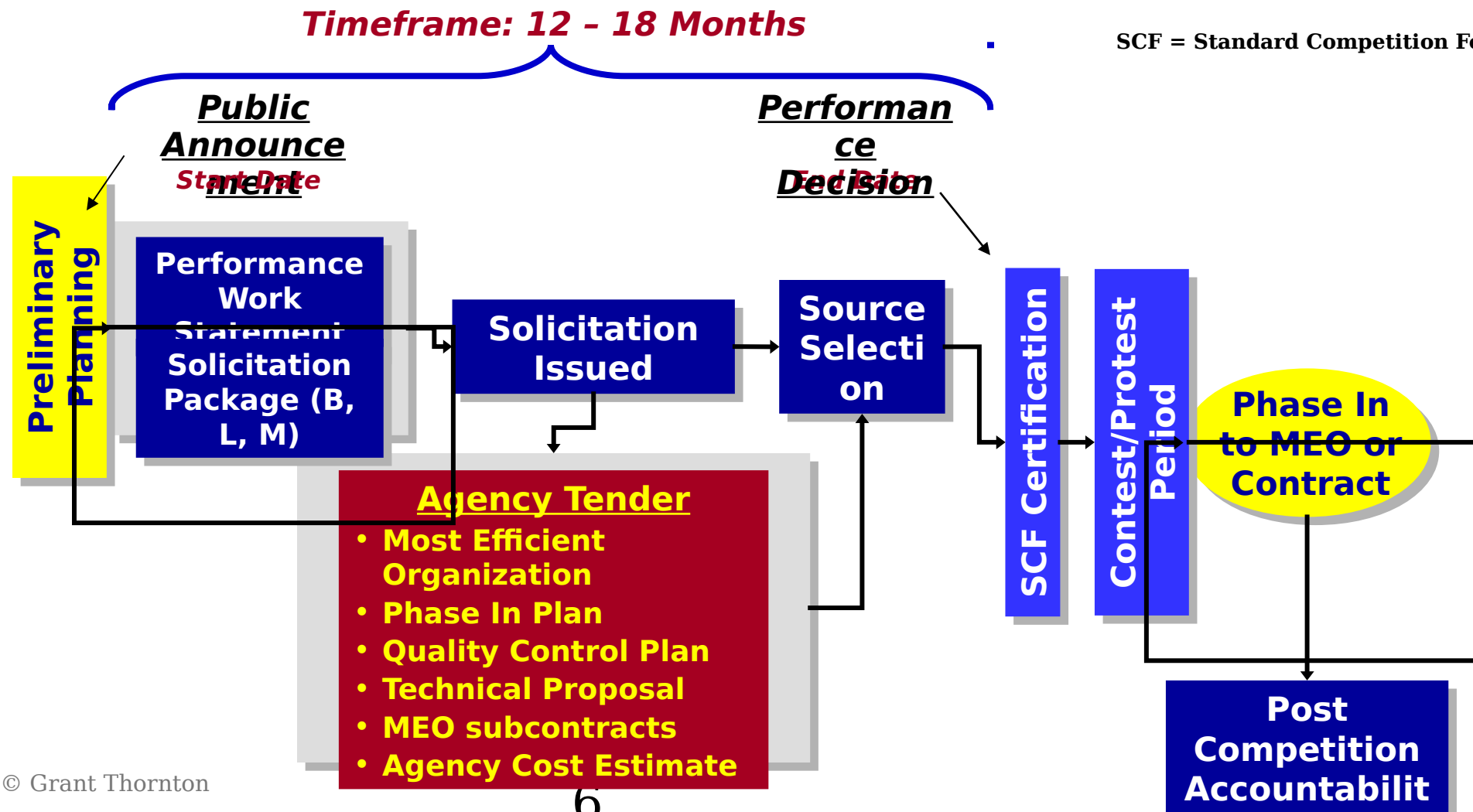
A-76 Standard Competition Process



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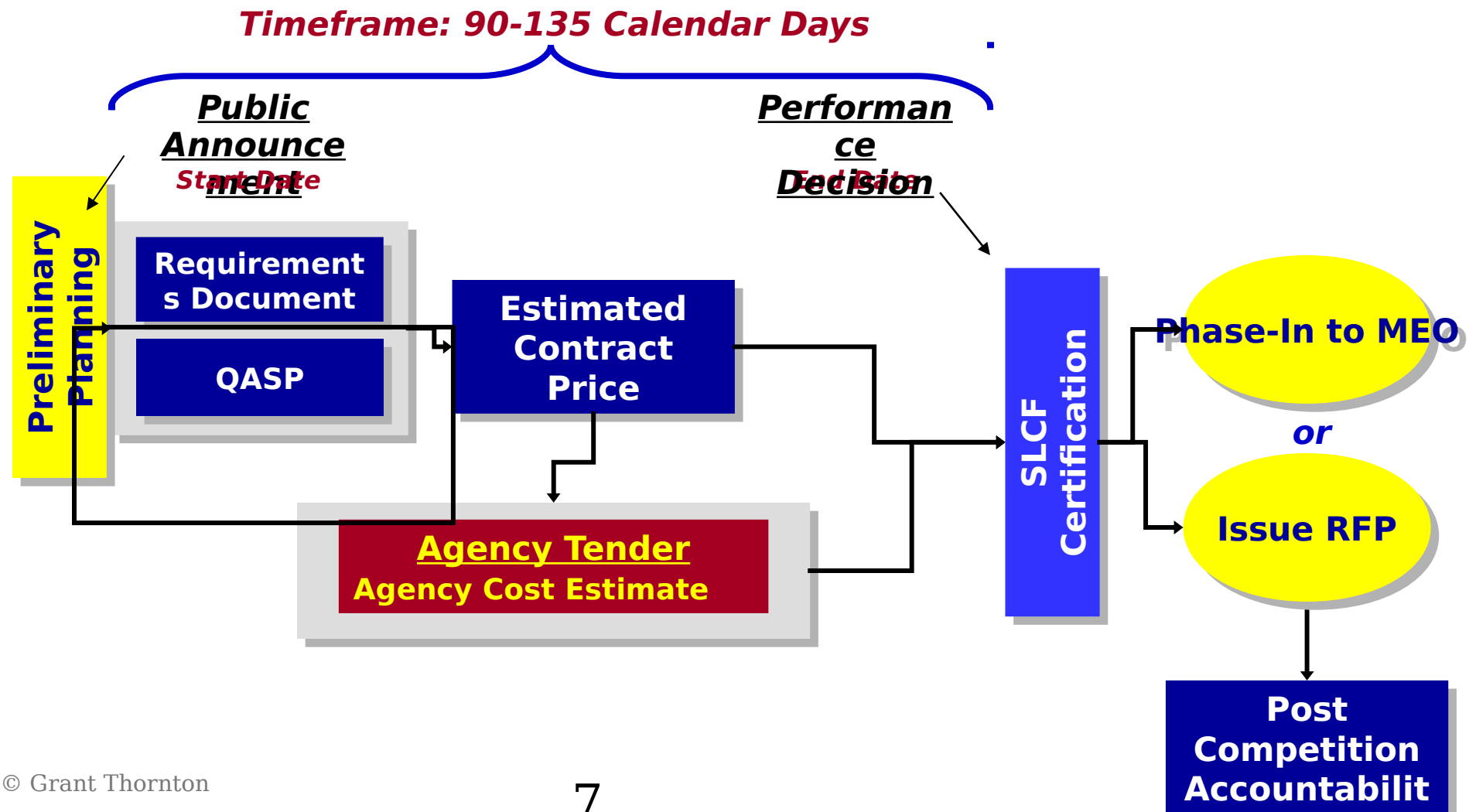
A-76 Streamlined Competition Process



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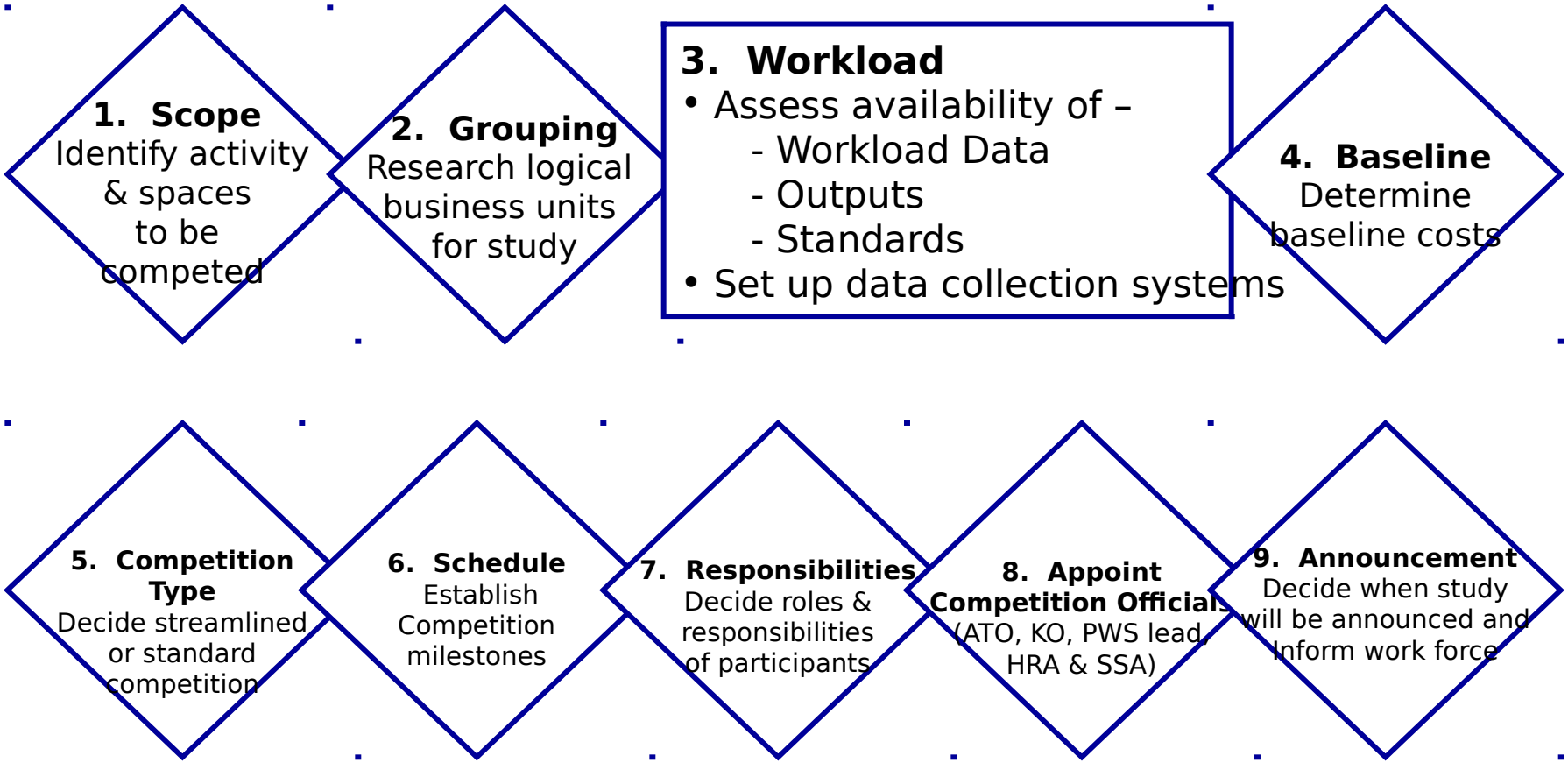
A-76 Preliminary Planning Steps



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Definition of Performance Work Statement (PWS)

What the PWS is:

- Outcome oriented statement of work that will obtain the best value for the Government
- Foundation of the competition
- Section C of the solicitation that portrays the requirements for the function under study. It describes the:
  - *"What"* – Service Outcomes
  - *"How Much"* – Workload/Intended Level of Effort
  - *"How Well"* – Performance Standards
- Applies to all offerors, i.e. the MEO and industry bidders
- Presents adequate information to enable bids on the intended level of effort

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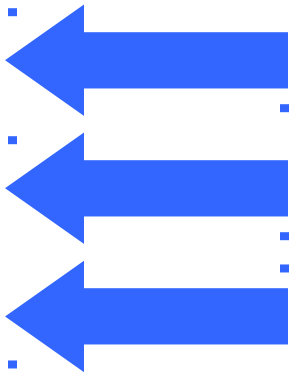
Components of PWS – Key Data Inputs

PWS

- Introduction
- Scope of Work
- Performance Requirements and Objectives
- Key Personnel
- General Requirements
- Government Furnished Property and Services
- Service Provider Furnished Property and Services
- Continuity of



Key Data Inputs

- Mission, vision, and goals
- Workload data
- Performance measures and standards
- Facility details
- Government property and services
- SOPs
- Rules and regulations
- Position descriptions
- Management reports
- Agreements (union

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QASP Definition and Purpose

- Defines process for performance monitoring & evaluation by the government
- Is designed to implement and enforce the PRS
- Is a living document - can be changed before and/or after selection of the service provider
- Identifies procedures to correct deficiencies observed in service provider performance

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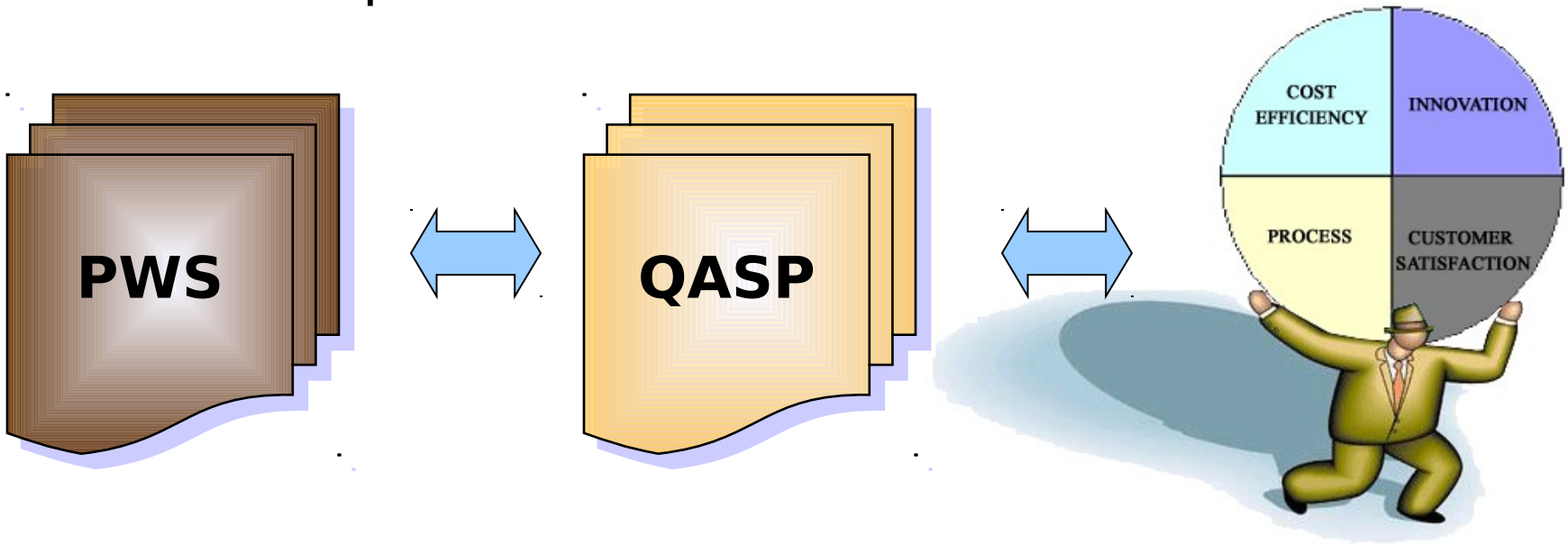
QASP In Action

- The QASP provides the bridge between the work requirements in the PWS and actual performance by the service provider.



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PWS Summary Concept...

"Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity."

- George S. Patton (1885-1945)

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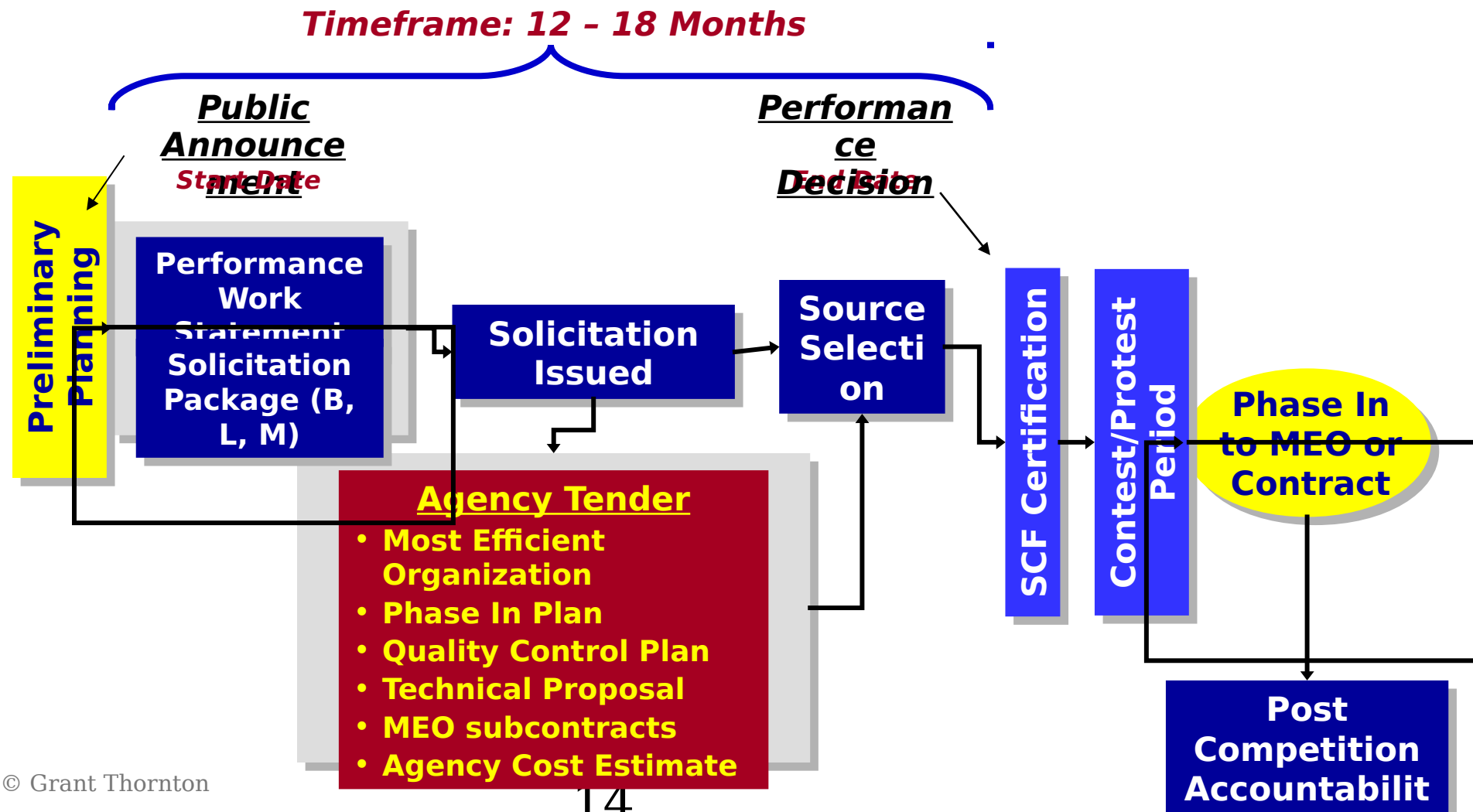
A-76 Standard Competition Process



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Purpose of the Agency Tender

- The Agency's response to the requirements of the solicitation including
  - Section C, PWS requirements
  - Section L, Instruction to offerors
  - Section M, Evaluation factors for award
- The ATO will certify and represent the Agency Tender
- Goal of the AT Team: To win the competition!!

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Making the Agency Tender Competitive

- Must design the Most Efficient Organization that will accomplish the PWS with minimum resources at defined quality levels
  - Reduce workload
  - Reduce cycle times
  - Reduce cost of labor
  - Reduce non-labor costs
- The government knows the business
- Build from the ground up
- Think like your Competition!!

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Elements of the Agency Tender (AT)

- Most Efficient Organization (MEO)
- Technical Proposal
- Quality Control Plan (QCP)
- Phase-in Plan
- Agency Cost Estimate (ACE)
- MEO Subcontracts

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Always keep in mind ...

THINK LIKE YOUR COMPETITION!!

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Performance Decision

- Private offeror vs. MEO
- Standard Competition Form (SCF) is completed
- Decision is announced
  - Announce to employees ASAP
    - Issue public statement in FedBizzOps
- Contest Period
  - Directly interested parties may contest

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Contest purpose

- Helps to ensure the final decision is in the best interests of the American taxpayer and the federal agency involved
- Governed by FAR Part 33.103, Protests to the Agency
- Prior to submission of an agency protest, all parties try to resolve issue with CO through open and frank discussions
- Each Agency has their own procedures
- Protests must be filed no later than 10 days after the basis of protest is know or should have been know
- Agency protests should be resolved with in 35 days after protest is filed

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Contests

- Directly Interested Parties are –
  - The ATO
  - A single individual appointed by a majority of directly affected employees as their agent
  - Private sector offerors

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Post Competition Accountability

- AT and Private Offerors held to same standards
  - QASP is used to monitor performance
- Agency Tender will held to standards in FAR
- Document workload changes – modifications to contract just like Private Offeror
- Potentially recompete if MEO fails

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A-76 lessons learned

- Communication is key
  - Workforce communication
  - Union communication
  - Internal team communication
- Dedicate adequate effort to both MEO and PWS development
- Get support from upper management

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Where You Can Go For More Information...

- The White House and links to Your Government at http://www.whitehouse.gov/
- OMB Circular A-76 at http://www.whitehouse.gov/omb/circulars/a076/a76_incl_tech_correction.html
- The A-76 Institute at http://www.a76institute.com/
- The General Accounting Office Commercial Activities Panel at http://www.gao.gov/
- The Federal Acquisition Institute at http://www.gsa.gov/

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Questions?